

Representative Jerome Zeringue
Chairman



Representative Francis Thompson
Vice Chairman

Fiscal Year 2023 Executive Budget Review

Department of Revenue

House Committee on Appropriations
House Fiscal Division

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Budget Analyst: Chris Henry

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900 N. 3rd Street
Baton Rouge, LA 70802
house.louisiana.gov/housefiscal/

All data and figures were obtained from the governor's Fiscal Year 2022-2023 Executive Budget and Supporting Documents provided by the Office of Planning and Budget within the Division of Administration along with House Bill 1 of the 2022 Regular Session, unless otherwise noted.

<https://www.doa.la.gov/doa/opb/budget-documents/>

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BUDGET RECOMMENDATION FY 23

Total Recommended = \$117,400,846

Means of Financing

IAT \$552,030
<1%

FSGR \$116,3 M
99%

SD \$557,914
<1%

Expenditure Categories

Personnel Services \$74.2 M
63%

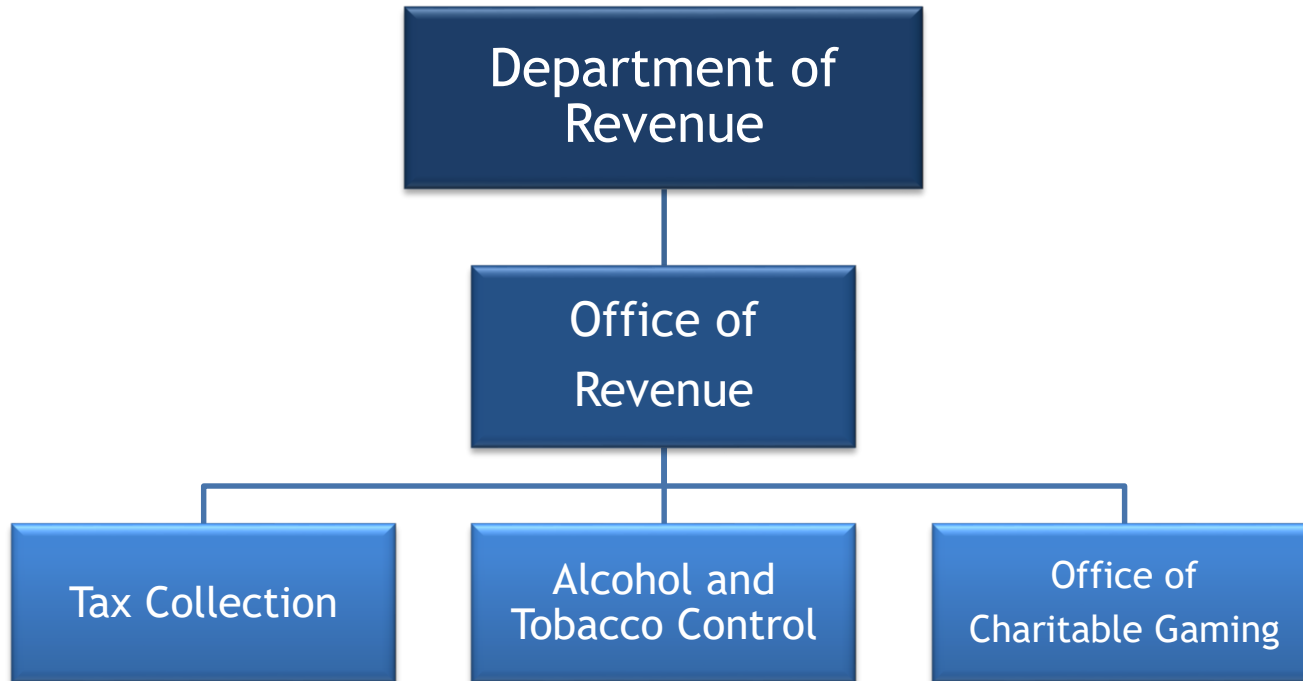
Operating Expenses \$7.6 M
6%

Professional Services \$1.7 M
1%

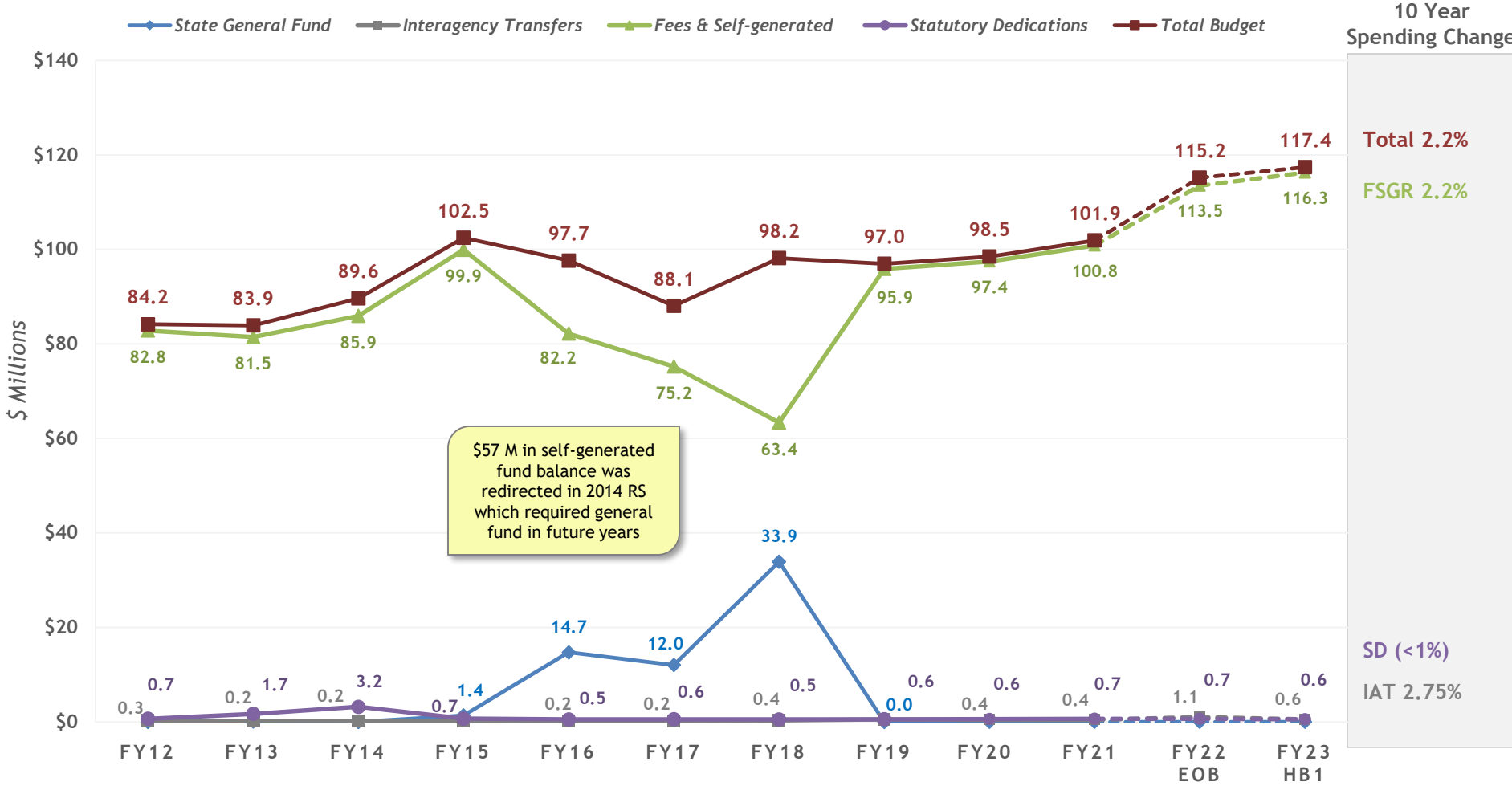
Other Charges \$33.3 M
28%

Acquisitions & Repairs \$508,323
<1%

DEPARTMENT ORGANIZATION

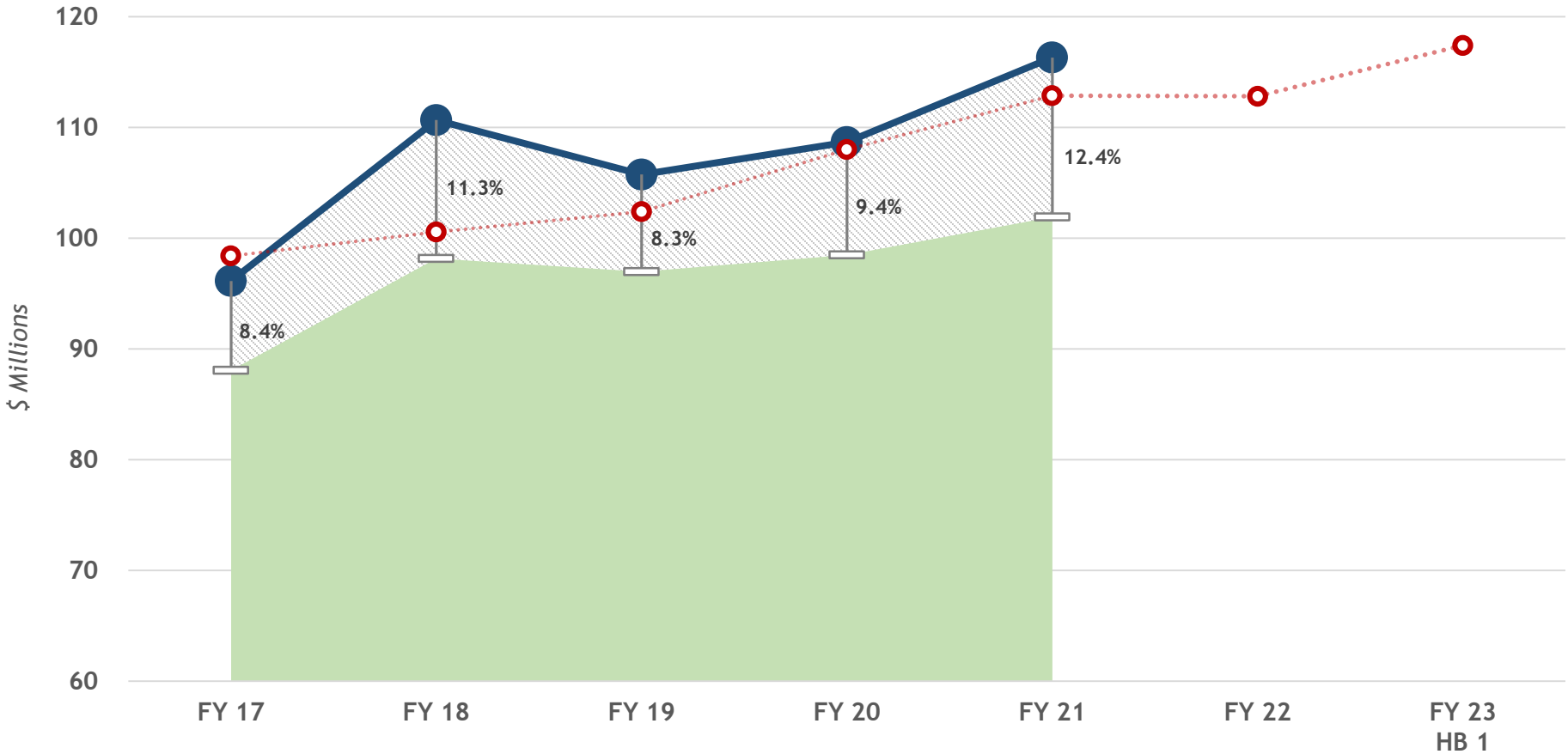


HISTORICAL SPENDING



HISTORICAL BUDGET

Actual Spending Final Budget Beginning Budget



PRIOR YEAR ACTUALS FY 21

Means of Finance	Final Budget <i>(w/o FY22 carryfwd)</i>	Amount Spent	Unspent Authority	Unspent Authority %	Unspent % by MOF
General Fund	\$ 0	\$ 0	\$ 0	0.0%	0.0%
Interagency Transfers	694,048	431,838	262,210	37.8%	2.1%
Self-generated	113,051,984	100,826,813	12,225,171	10.8%	97.9%
Statutory Dedications	657,914	657,915	(1)	(0.0%)	(0.0%)
Federal	0	0	0	0.0%	0.0%
FY21 Total	\$ 114,403,946	\$ 101,916,566	\$ 12,487,380	10.9%	100.0%

<i>Historical Total Unspent Budget Authority</i>	Final Budget	Amount Spent	Unspent Authority	Unspent %	
	FY20 Total	\$ 105,787,379	\$ 98,482,312	\$ 7,305,067	6.9%
	FY19 Total	105,279,252	96,975,938	8,303,314	7.9%
	FY18 Total	107,662,470	98,162,028	9,500,442	8.8%
	3 Year Avg.	\$ 106,243,034	\$ 97,873,426	\$ 8,369,608	7.9%

PRIOR YEAR ACTUALS FY 21

Were projected revenues collected?

	Final Budget <i>(w/o FY22 carryfwd)</i>	Revenue Collections	Difference
SGF	\$ 0	\$ 0	\$ 0
IAT	694,048	387,538	(306,510)
FSGR	113,051,984	101,214,364	(11,837,620)
SD	657,914	1,076,590	418,676
FED	0	0	0
Total	\$ 114,403,946	\$ 102,678,492	\$ (11,725,454)

The department collected \$11.7 million less than the FY 21 final budget. The majority of excess budget authority over actual collections came from \$11.8 million in fees and self-generated revenue. Tobacco tax collections in the Tobacco Regulation Enforcement Fund exceeded the final budget amount by \$418,000 and can be retained in the fund for future use.

Were collected revenues spent?

	Revenue Collections	Expenditures	Difference
SGF	\$ 0	\$ 0	\$ 0
IAT	387,538	431,838	44,300
FSGR	101,214,364	100,826,813	(387,551)
SD	1,076,590	657,915	(418,675)
FED	0	0	0
Total	\$ 102,678,492	\$ 101,916,566	\$ (761,926)

The department spent 99.3% of its collections, only leaving \$761,926 on the table in FY 21. The majority of this primarily stemmed from fees and self-generated revenue which was permitted to be retained by the department for expenses in the ensuing fiscal year. IAT expenses exceeded collections by \$44,300 due to the timing of reimbursements.

EXISTING OPERATING BUDGET FY 22

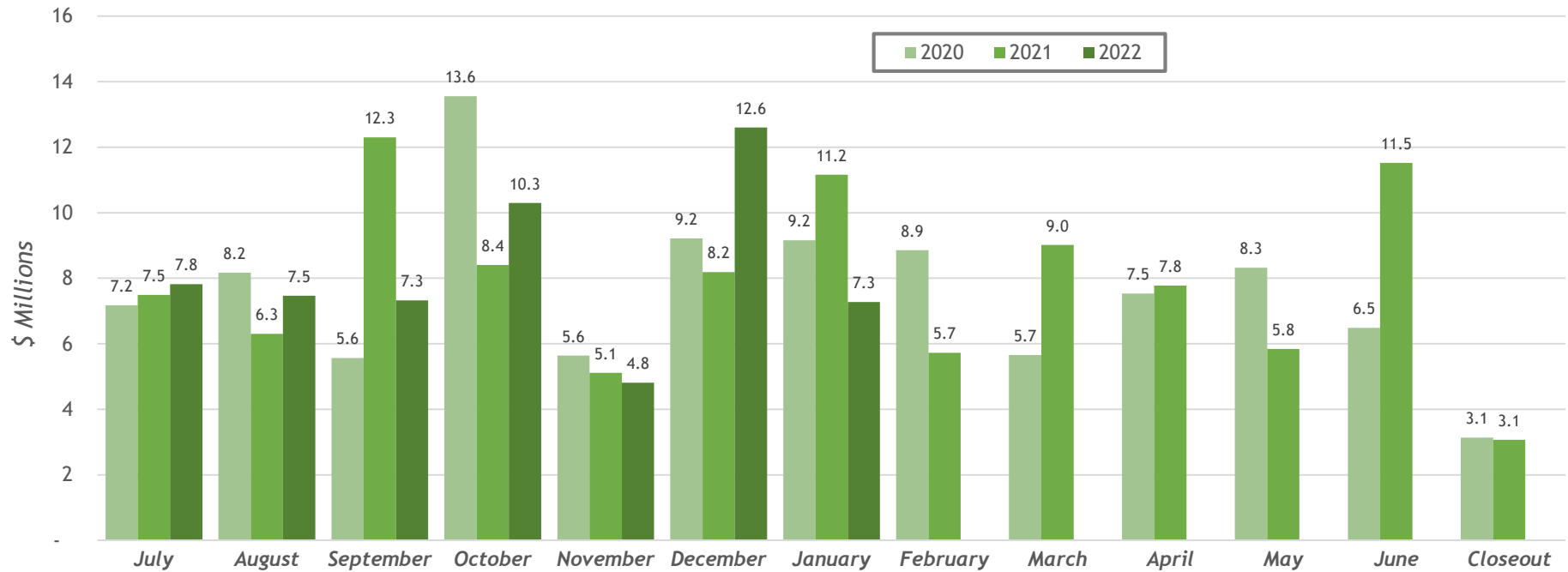
The FY 2021-22 Existing Operating Budget (EOB) was frozen on December 1, 2021. This point-in-time reference is used in both the Executive Budget and the General Appropriations Bill.

Means of Finance	Appropriation	Mid-Year Adjustments	Existing Operating Budget
General Fund	\$ 0	\$ 0	\$ 0
Interagency Transfers	552,030	500,000	1,052,030
Self-generated Revenue	111,598,823	1,896,427	113,495,250
Statutory Dedications	657,914	0	657,914
Federal	0	0	0
Total	\$ 112,808,767	\$ 2,396,427	\$ 115,205,194

Budget Adjustments From Appropriation to EOB

July	August	September	October	November
\$500,000 IAT for administration of the LA Small Business and Nonprofit Assistance Program	\$1,896,427 Fees and self-generated revenue carried over from FY 21 for technology contracts and vehicle replacement	No change	No change	No change

MONTHLY SPENDING TREND



FYTD 2020	7,173,621	15,346,917	20,915,374	34,474,545	40,114,606	49,331,936	58,492,661	67,347,586	73,002,559	80,533,031	88,853,666	95,343,248	98,482,313
FYTD 2021	7,494,737	13,797,121	26,098,047	34,499,683	39,617,342	47,802,675	58,962,717	64,688,931	73,705,134	81,484,293	87,329,698	98,847,455	101,916,563
\$ Change PY	321,115	(1,549,796)	5,182,673	25,138	(497,264)	(1,529,261)	470,056	(2,658,655)	702,574	951,262	(1,523,968)	3,504,208	3,434,251
% Change PY	4.5%	(10.1%)	24.8%	0.1%	(1.2%)	(3.1%)	0.8%	(3.9%)	1.0%	1.2%	(1.7%)	3.7%	3.5%
FYTD 2022	7,819,929	15,286,337	22,610,009	32,906,560	37,716,534	50,317,234	57,590,406						
\$ Change PY	325,193	1,489,216	(3,488,038)	(1,593,123)	(1,900,808)	2,514,559	(1,372,311)						
% Change PY	4.3%	10.8%	(13.4%)	(4.6%)	(4.8%)	5.3%	(2.3%)						

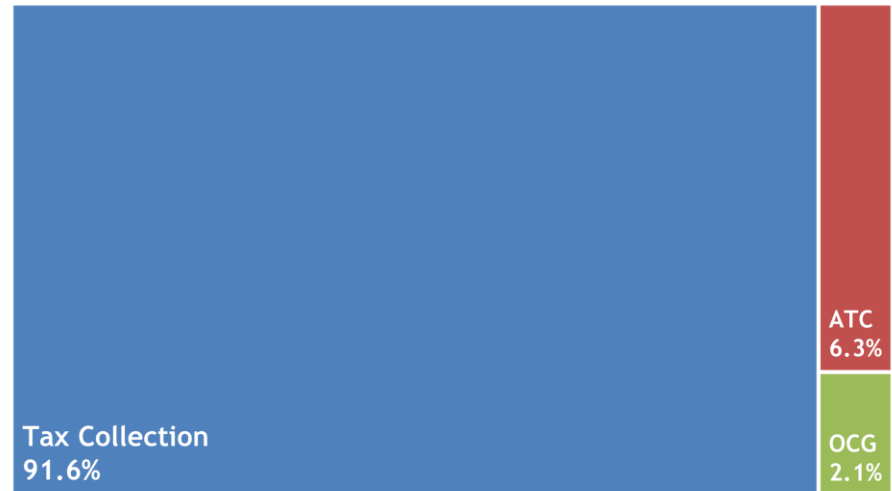
FUNDING RECOMMENDATION FY 23

Total Funding = \$117,400,846

Means of Finance		
State General Fund	\$	0
Interagency Transfers		552,030
Fees & Self-generated		116,290,902
Statutory Dedications		557,914
Federal Funds		0
Total	\$	117,400,846



Program Funding & Authorized Positions			
		<i>Amount</i>	<i>Positions</i>
Tax Collection	\$	107,523,917	639
Alcohol & Tobacco Control		7,385,993	58
Charitable Gaming		2,490,936	20
Total	\$	117,400,846	717



SOURCES OF FUNDING

Interagency Transfers

\$552,030

- \$350,000 - Transfer from the Louisiana Department of Health to ATC to perform random, unannounced inspections at locations where tobacco products are sold
- \$165,000 - Transfer from the Department of Public Safety to ATC to enforce laws relating to the sale of alcohol to underage consumers
- \$19,500 - Transfer from the Louisiana Workforce Commission to ATC for security services during job site inspections
- \$17,530 - Transfer from the Office of the Governor to ATC for enforcement, education, and training related to alcohol, tobacco, and human trafficking laws

Self-generated Revenue

\$116.3 M

- 1% of collected personal income tax, corporate income and franchise tax, and sales tax collected by the tax collection program
- Prior year collections of fees, fines, and penalties made before the FY 22 close out period remain available for expenditure
- Various ATC and OCG licenses, permits, and fines
- **\$100,000 - La. Entertainment Development Fund Account**
The department receives 25% of the fee charged for motion picture tax credit transfers

Statutory Dedications

\$557,914

- **\$557,914 - Tobacco Regulation Enforcement Fund**
Receives a small portion of the state tax on cigarettes. (One-quarter of one-twentieth of one cent per cigarette)

ACT 348

Act 348 of the 2020 Regular Session changed what self-generated revenue would be utilized by the Tax Collection Program in LDR.

Beginning on July 1, 2022 the new funding system takes effect.

Old System

Based on penalties and fees

Source	FY 21 Collection
Delinquent Fees	\$26,576,748
Late Payment Fees	\$19,817,683
Negligence Fees	\$6,496,129
Understatement Penalty	\$4,441,620
Accuracy	\$2,117,417
Non E-Payment	\$508,362
All Other Combined	\$135,008
Total	\$60,092,967

**Will now go to
General Fund**

Unchanged

Continue to be retained

Source	FY 21 Collection
Underest. Tax	\$10,066,428
Collection Fees	\$9,351,936
Debt Recovery	\$8,663,705
Transfer. Credits	\$1,781,968
Warrant	\$1,656,266
Total	\$33,928,286

New System

1% of specific tax collections

Revenue Source	FY 23 REC Forecast
Sales Tax (Gen + MV)	\$4,376,900,000
<i>1% Dedication</i>	<i>\$43,769,000</i>
Personal Income	\$4,294,200,000
<i>1% Dedication</i>	<i>\$42,942,000</i>
Corp. Inc. & Franchise	\$577,700,000
<i>1% Dedication</i>	<i>\$5,777,000</i>
Total 1% Dedication	\$92,488,000

**Dedicated from
General Fund to
LDR Self-generated**

FUNDING COMPARISON

Means of Finance	FY21 Actual Expenditures	FY22 Existing Operating Budget 12/1/21	FY23 HB1 Budget	Change Existing Operating Budget to HB1		Change Actual Expenditures to HB1	
SGF	\$ 0	\$ 0	\$ 0	\$ 0	0.0%	\$ 0	0.0%
IAT	431,838	1,052,030	552,030	(500,000)	(47.5%)	120,192	27.8%
FSGR	100,826,813	113,495,250	116,290,902	2,795,652	2.5%	15,464,089	15.3%
Stat Ded	657,915	657,914	557,914	(100,000)	(15.2%)	(100,001)	(15.2%)
Federal	0	0	0	0	0.0%	0	0.0%
Total	\$ 101,916,566	\$ 115,205,194	\$ 117,400,846	\$ 2,195,652	1.9%	\$ 15,484,280	15.2%

Significant funding changes compared to the FY 22 Existing Operating Budget

Interagency Transfers

(\$500,000) decrease from the removal of one-time funding to administer the LA Small Business and Nonprofit Assistance Program which originated from federal American Rescue Plan funding

Fees & Self-generated

\$2,795,652 increase due to utilization of carry over balance to fund anticipated expenses

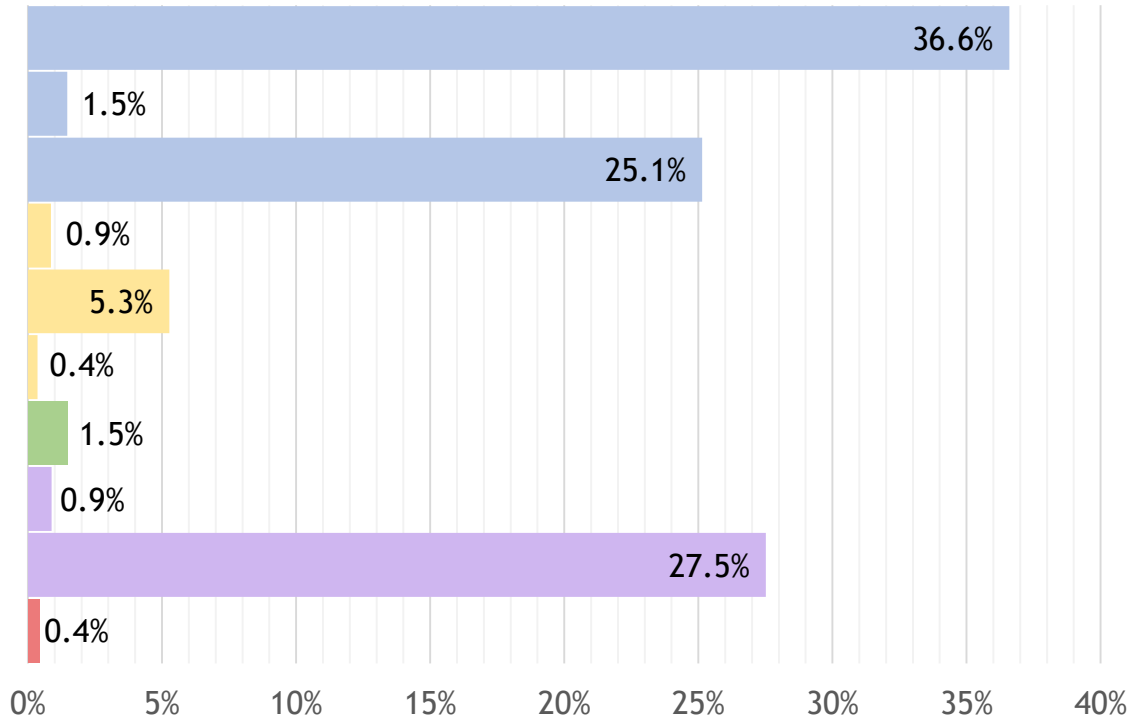
Statutory Dedications

(\$100,000) decrease due to the reclassification of the LA Entertainment Development Fund from statutory dedications to fees and self-generated as the La. Entertainment Development Dedicated Fund Account

EXPENDITURE RECOMMENDATION FY 23

Total Budget = \$117,400,846

Expenditure Category	
Salaries	\$ 42,960,472
Other Compensation	1,718,388
Related Benefits	29,515,383
Travel	1,007,068
Operating Services	6,192,964
Supplies	417,211
Professional Services	1,745,949
Other Charges	1,029,043
Interagency Transfers	32,306,045
Acquisitions/Repairs	508,323
Total	\$ 117,400,846



EXPENDITURE HISTORY

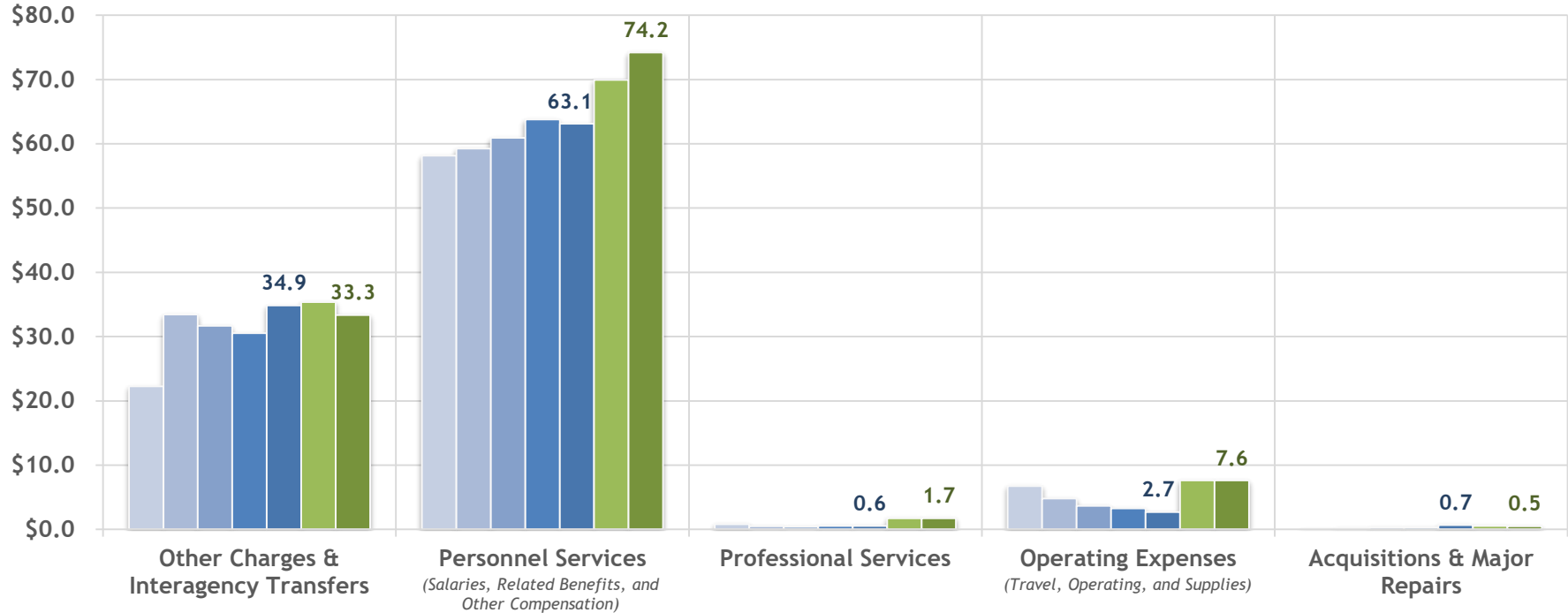
Actual Expenditures

Budgeted Amount

Fiscal Year:

2017 2018 2019 2020 2021

2022 EOB 2023 HB1



5 Year Average Spending per Expenditure Category

\$30.6 M : 31.6%	\$61.0 M : 63.1%	\$570,000 : <1%	\$4.2 M : 4.4%	\$309,000 : <1%
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EXPENDITURE COMPARISON

Expenditure Category	FY21 Actual Expenditures	FY22 Existing Operating Budget 12/1/21	FY23 HB1 Budget	Change Existing Operating Budget to HB1		Change Actual Expenditures to HB1	
Salaries	\$ 37,454,523	\$ 40,621,865	\$ 42,960,472	\$ 2,338,607	5.8%	\$ 5,505,949	14.7%
Other Compensation	1,445,394	1,718,388	1,718,388	0	0.0%	272,994	18.9%
Related Benefits	24,212,859	27,584,670	29,515,383	1,930,713	7.0%	5,302,524	21.9%
Travel	111,077	1,007,068	1,007,068	0	0.0%	895,991	806.6%
Operating Services	2,390,620	6,192,964	6,192,964	0	0.0%	3,802,344	159.1%
Supplies	210,438	417,211	417,211	0	0.0%	206,773	98.3%
Professional Services	558,890	1,745,949	1,745,949	0	0.0%	1,187,059	212.4%
Other Charges	670,545	1,029,043	1,029,043	0	0.0%	358,498	53.5%
Interagency Transfers	34,195,000	34,346,584	32,306,045	(2,040,539)	(5.9%)	(1,888,955)	(5.5%)
Acquisitions/Repairs	667,220	541,452	508,323	(33,129)	(6.1%)	(158,897)	(23.8%)
Total	\$ 101,916,566	\$ 115,205,194	\$ 117,400,846	\$ 2,195,652	1.9%	\$ 15,484,280	15.2%

SIGNIFICANT EXPENDITURE CHANGES FY 23

Compared to the FY 22 Existing Operating Budget

Salaries	Related Benefits	Interagency Transfers	Acquisitions
<p>\$2.3 M net increase caused by:</p> <ul style="list-style-type: none"> \$1.3 M added for classified staff pay increases (\$1.2 M) reduced to align the base need for salaries and account for projected attrition \$1.4 M to accommodate the 27th payroll in FY 23 	<p>\$1.9 M net increase from:</p> <ul style="list-style-type: none"> \$1.6 M added to cover the base need for related benefits and changes to the retirement contribution rate \$239,837 increase for group insurance rate changes for active and retired employees \$962,000 to accommodate the 27th payroll in FY 23 	<p>(\$2.0 M) net reduction primarily driven by:</p> <ul style="list-style-type: none"> Removal of (\$1.8 M) in expenses in the current year's budget carried over from FY 21 used for technology and data expenses Removal of (\$500,000) in expenses related to the Small Business and Nonprofit Assistance Program \$125,562 for changes to statewide service needs \$138,479 to re-open field offices in Monroe and Shreveport 	<p>(\$33,129) net reduction due to:</p> <ul style="list-style-type: none"> Removing acquisitions funded in the current year totaling (\$541,452) Adding for \$130,843 for the Tax Collection to purchase 2 vehicles and furnish field offices with furniture Adding \$377,480 for ATC to purchase 7 vehicles with enhancements as well as enforcement equipment and ammunition

OTHER CHARGES/INTERAGENCY TRANSFERS

Other Charges

Amount	Description
\$ 718,043	Call Center Positions
311,000	ATC Investigative Funds for Compliance Checks
\$ 1,029,043	Total Other Charges

Interagency Transfers

Amount	Description
\$ 16,506,983	OTS - Technology
4,860,208	OTS - Telecommunications
2,833,044	Mailing Services
2,216,740	Rent
1,593,497	Printing
933,359	Statewide Services (<i>Civil Service, Treasury Banking, Procurement, Payroll Services</i>)
860,478	Other State Department Transfers (<i>DoJ, DNR, Board of Tax Appeals</i>)
818,839	State Buildings and Grounds
616,500	Risk Management
565,880	Legislative Auditor Fees
500,517	Capital Park Security and LaSalle Bldg. Security
\$32,306,045	Total Interagency Transfers

DISCRETIONARY EXPENSES FY 23

**Total Budget
\$117.4 Million**

Interagency
Transfers
\$552,030

Self-generated Revenue
\$116.3 Million

Statutory
Dedications
\$557,914

**Non-discretionary
\$23.7 Million**

**Discretionary
\$92.6 Million**

Retirement UAL Payments
\$15.5 Million

Retiree's Group Insurance
\$5.5 Million

Rent
\$2.1 Million

Legislative Auditor Fees
\$565,880

Tax Collection
\$85.7 Million

Alcohol & Tobacco Control
\$4.8 Million

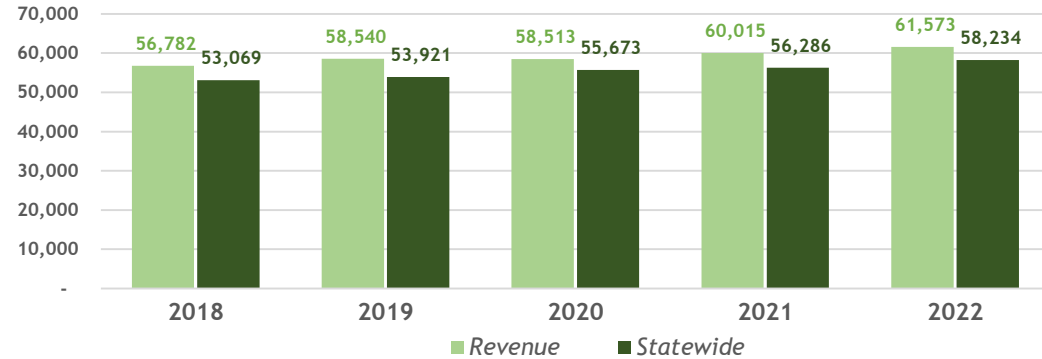
Office of Charitable Gaming
\$2.1 Million

PERSONNEL INFORMATION

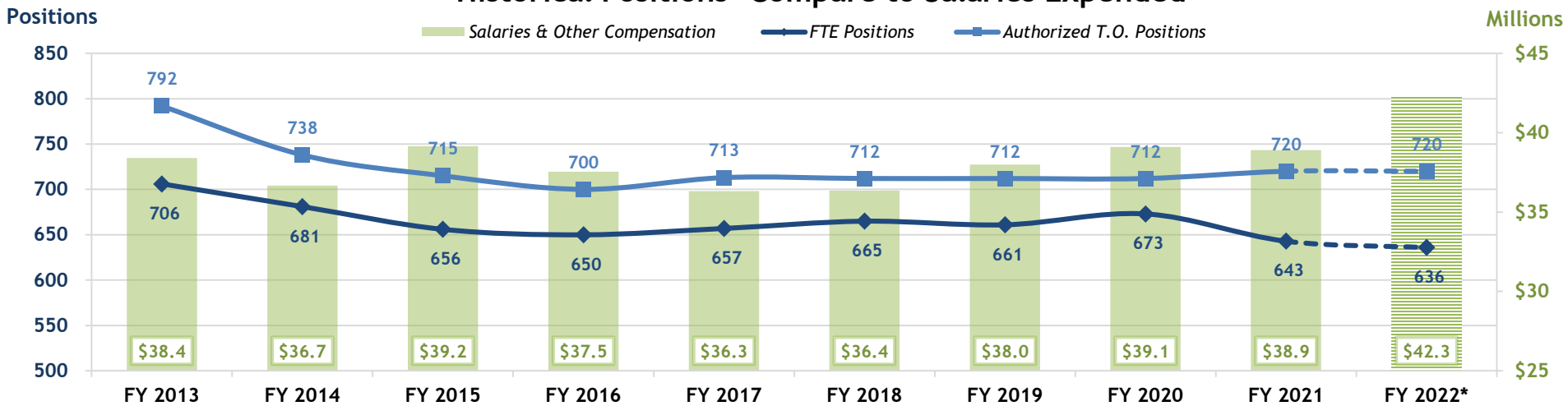
FY 2023 Recommended Positions

717	Total Authorized T.O. Positions (706 Classified, 11 Unclassified)
15	Authorized Other Charges Positions
6	Non-T.O. FTE Positions
92	Vacant Positions (January 3, 2022)
(3)	Classified T.O. Positions Removed

Historical Average Salary



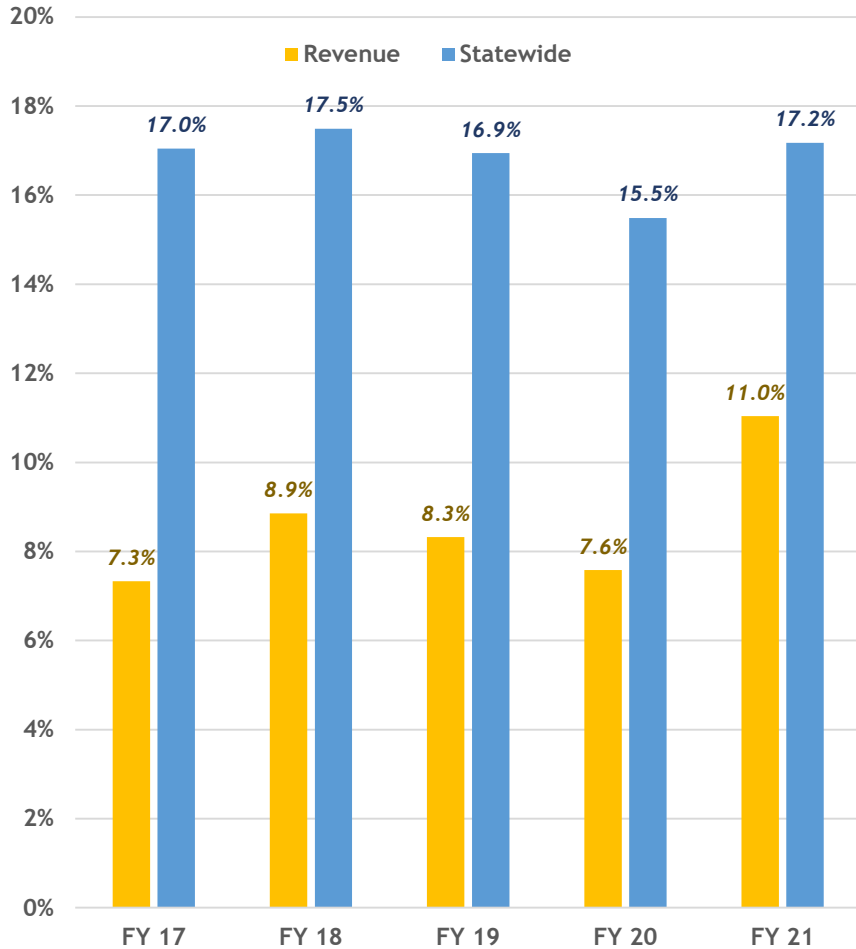
Historical Positions¹ Compare to Salaries Expended



¹ FTE Source: Dept. of Civil Service Weekly Report on State Employment

* Existing Operating Budget on 12/1/21

TURNOVER HISTORY



Top Positions Vacated FY 2021

Position	Number of Employees	Separations	Turnover Rate
Administrative Coordinator 2	18	6	33.3%
Revenue Tax Specialist 1	18	6	33.3%
Revenue Tax Auditor 3	61	5	8.2%
Revenue Tax Auditor 1	14	5	35.7%
Revenue Tax Assistant Director	24	4	16.7%

SMALL BUSINESS & NONPROFIT ASSISTANCE

Created in Act 410 of the 2021 R.S.
Allocated \$10 M from American Rescue Plan funds.
Allowed for a \$25,000 grant to eligible nonprofits and small businesses
who met specified criteria in Act 410.

LDR began accepting applications on August 16, 2021 and received over 175,000 applications which were evaluated by a three tiered review system:

- Tier 1: confirmed the applicant met eligibility requirements in Act 410
- Tier 2: evaluation of proposals purpose and compliance with ARP guidance
- Tier 3: ranked based on the priorities in Act 410

LDR has approved 436 applications averaging \$22,936. The entire \$10 M has been obligated and LDR anticipates using no funding for administrative costs.

A final round of grants will be issued in February 2022 to expend any remaining funding.

Each grantee must spend the funds by September 30, 2022 and submit a final report to LDR by October 31, 2022.



DEPARTMENT CONTACTS



Kevin Richard
Secretary

Kevin.Richard@la.gov

Luke Morris
Deputy Secretary

Luke.Morris@la.gov

Laura Lapeze
Undersecretary

Laura.Lapeze@la.gov

Ernest Legier
Commissioner of ATC

Ernest.Legier@atc.la.gov

Heather Templet
Director, Charitable Gaming

Heather.Templet@la.gov

DEPARTMENT OVERVIEW



The mission of the Department of Revenue is to fairly and efficiently collect state tax revenues to fund public services; to regulate charitable gaming and the sale of alcoholic beverages and tobacco; and to support state agencies in the collection of overdue debts.

Tax Collection Program

Administration

Executive arm of the department including management functions such as: accounting and budgeting, payroll, facilities management, purchasing, human resources, and technology management.

Tax Policy Management

Prepares fiscal notes, legislation, coordinates rules, and engages in a number of stakeholder efforts to address emerging and/or sensitive policy issues.

Revenue Collection & Distribution

Registers taxpayers, processes tax returns and remittances, maintains taxpayer accounts, and handles state and local tax revenues.

Taxpayer Assistance

Helps taxpayers understand their tax reporting and payment obligations via telephone, personal contact, and written inquiries; engages in outreach opportunities, consultation visits, and processing of tax exemptions, certifications, permits, and clearances.

Tax Compliance

Examines, audits, or investigates tax related issues. Conducts tax return examinations and reconciles information to identify non-filers and under reporters. Field office staff conduct audits of businesses that have activity in Louisiana to identify and correct improper reporting.

Tax Enforcement

Collects tax dollars owed on delinquent accounts, investigates tax fraud and evasion, and defends the state's interest through litigation of tax issues.

OFFICE OF DEBT RECOVERY

Established in Act 399 of the 2013 Regular Session, for the purpose of collecting delinquent debts, accounts, or claims due on behalf of all other state agencies.

A total of 115 state and local agencies have placed debt with ODR.

ODR Operations:

There is no cost to the agency for participating with ODR. Once a debt is transferred to ODR, a 25% ODR collection fee is added to the debt. ODR operates entirely on this fee.

Agencies receive funds as they are collected up to 100% of the original amount.

Entity Type with Debt at ODR	Number of Debt Accounts	Total Dollar Amount of Debt <i>as of Feb. 28, 2022</i>
State Agencies	880,900	\$539,738,096
Higher Education	5,731	\$6,533,612
Municipalities	29,104	\$20,895,713
ODR Total	915,735	\$567,167,421

Fiscal Year	Total Debt Collected
FY 2015	\$96,474
FY 2016	\$50,781,585
FY 2017	\$41,427,463
FY 2018	\$31,948,792
FY 2019	\$60,750,004
FY 2020	\$58,555,958
FY 2021	\$40,885,082
FY 2022 - 2/28/22	\$30,061,473
Total Collected	\$314,506,831

DEPARTMENT OVERVIEW



The mission of the Office of Alcohol and Tobacco Control (ATC) is to regulate the alcoholic beverage and tobacco industries and to consistently enforce state regulations under Title 26.

Alcohol and Tobacco Control (ATC) Program

Administration and Certification Division

Responsible for distributing alcoholic beverage licenses, tobacco licenses, CBD retail permits, and vendor providers, trainers, and servers. The Administrative Division issues approximately 30,000 alcohol and tobacco permits statewide annually, as well as over 100,000 responsible vendor permits annually.

Enforcement Division

Responsible for enforcing Title 26, the Beer and Liquor Law, and the Louisiana Administrative Code by conducting random inspections at locations where alcoholic beverages and tobacco products are sold. Agents also investigate current license holders' operations to ensure compliance with industry fair trade laws. Conducts over 20,000 inspections annually and responds to compliance checks annually.

DEPARTMENT OVERVIEW



The mission of the Charitable Gaming Program is to administer efficiently and effectively the state's tax and regulatory statutes in a manner that will generate the highest degree of public confidence in the Department's integrity and fairness.

Office of Charitable Gaming

Administrative Section

Administers and enforces the laws and regulations associated with the activities of charitable gaming.

Certification Section

Reviews applications for licenses to conduct charitable gaming activities and performs the issuance of licenses.

Audit and Enforcement Section

Conducts on-site inspection of gaming activities, training of organizations, review of required books and records maintained by organizations, and enforcement of gaming laws and regulations.